

Done in Washington, DC, this 20th day of January 2000.

Bobby R. Acord,

Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 00-1803 Filed 1-25-00; 8:45 am]

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DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Chapter I

[Docket No. 00-04]

Debt Cancellation Contracts

AGENCY: Office of the Comptroller of the Currency, Treasury.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The Office of the Comptroller of the Currency (OCC) is seeking comment on whether it is necessary or appropriate to issue regulations governing bank sales of debt cancellation contracts. Currently, no comprehensive Federal regulations specifically govern this activity. The purpose of this request for comments is to help us determine whether to issue a proposed rule covering bank sales of these products.

DATES: Comments must be received by March 27, 2000.

ADDRESSES: Please direct your comments to: Docket No. [00-04], Communications Division, Third Floor, Office of the Comptroller of the Currency, 250 E Street, SW., Washington, DC 20219. You can inspect and photocopy all comments received at that address. In addition, you may send comments by facsimile transmission to FAX number (202) 874-5274, or by electronic mail to REGS.COMMENTS@OCC.TREAS.GOV.

FOR FURTHER INFORMATION CONTACT: Heidi M. Thomas, Senior Attorney, Legislative and Regulatory Activities, at (202) 874-5090.

SUPPLEMENTARY INFORMATION:

Background

Debt cancellation contracts (DCCs) are bank products that are contracts with a borrower providing for the cancellation of the borrower's obligation to repay an outstanding loan upon the occurrence of a certain event, such as the borrower's death or disability.

The authority of national banks to offer DCCs is well established. In 1963, the OCC concluded that offering DCCs was incidental to the express authority

of a national bank to make loans, and was therefore a permissible activity pursuant to 12 U.S.C. 24(Seventh). We codified this interpretation in 1971, thus confirming a national bank's authority to sell DCCs. 12 CFR 7.7495 (1972). The Eighth Circuit Court of Appeals upheld the OCC's interpretation in *First National Bank of Eastern Arkansas v. Taylor*, 907 F.2d 775, cert. denied, 498 U.S. 972 (1990), holding that our construction of the statute was reasonable and that a national bank's ability to sell debt cancellation contracts was within the scope of the bank's powers authorized by 12 U.S.C. 24(Seventh).

In 1996, we amended the rule governing DCCs, which was renumbered as 12 CFR 7.1013, to provide that a national bank may offer DCCs that will cancel a debt obligation upon either the death or disability of the borrower.

Current § 7.1013 states that:

A national bank may enter into a contract to provide for loss arising from cancellation of an outstanding loan upon the death or disability of a borrower. The imposition of an additional charge and the establishment of necessary reserves in order to enable the bank to enter into such debt cancellation contracts are a lawful exercise of the powers of a national bank.

We further noted that, on a case-by-case basis, we may permit DCCs where the cancellation of the borrower's obligation is triggered by events other than death or disability. 61 FR 4849, 4852 (April 1, 1996).

We have not issued any regulations relating to DCCs since 1996, and there is currently no comprehensive Federal consumer protection scheme that covers national bank offerings of DCCs. The purpose of this advance notice of proposed rulemaking is to request comments on whether we should issue regulations governing DCCs, and if so, what specific provisions we should include in these regulations.

Comment Solicitation

We invite you to comment on all aspects of the issues presented in this advance notice of proposed rulemaking. Specifically:

1. Should we issue regulations governing DCCs that, for example, establish standards for the disclosure of terms, notices, contract termination, contract charges, and dispute resolution?

2. Should we include debt suspension agreements in any regulations covering DCCs?

3. Should we address other areas or issues by regulation? Commenters are invited to provide specific suggestions for provisions that would protect

consumers, prohibit abusive practices, and ensure the safety and soundness of national banks.

In addition, commenters are invited to address the impact that a regulation governing DCCs would have on community banks. We recognize that community banks operate with more limited resources than larger institutions and may present a different risk profile. Thus, we specifically request comment on the impact that a regulation governing DCCs would have on community banks' current resources and available personnel with the requisite expertise, and whether the goals of this regulation could be achieved, for community banks, through an alternative approach.

Dated: January 13, 2000.

John D. Hawke, Jr.,

Comptroller of the Currency.

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SMALL BUSINESS ADMINISTRATION

13 CFR Part 121

Small Business Size Regulations; Size Standards for Compliance With Programs of Other Agencies

AGENCY: Small Business Administration.

ACTION: Proposed rule.

SUMMARY: The Small Business Administration (SBA) proposes to amend its size regulations. The proposed amendment requires an agency to consult in writing with SBA before proposing small business size standards for use in its programs, if those size standards are other than those established by SBA. It removes the requirement that the agency have the SBA Administrator's approval for the contemplated size standards prior to the proposed rule. Rather, the agency must seek the SBA Administrator's approval only before it adopts size standards in a final rule. As does the existing regulatory text, the proposed amendment sets forth the minimum information agencies must furnish the SBA Administrator to support its request for approval of its contemplated size standards.

DATES: SBA must receive comments on or before March 27, 2000. SBA will make all public comments available to any person or entity upon request.

ADDRESSES: Address all comments concerning this proposed rule to Gary M. Jackson, Assistant Administrator for Size Standards, Office of Size Standards, 409 3rd Street, SW, Washington, DC 20416.